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COMMITTEE MEETING

STATE OF CALIFORNIA

INTEGRATED WASTE MANAGEMENT BOARD

MARKET DEVELOPMENT AND SUSTAINABILITY COMMITTEE

JOE SERNA JR., CALEPA HEADQUARTERS BUILDING

1001 I STREET

COASTAL HEARING ROOM

SACRAMENTO, CALIFORNIA

WEDNESDAY, AUGUST 13, 2008

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JAMES F. PETERS, CSR, RPR
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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

COMMITTEE MEMBERS

Mr. Gary Petersen, Chairperson

Ms. Margo Reid Brown

Mr. Wesley Chesbro

BOARD MEMBERS

Ms. Rosalie Mul

Ms. Cheryl Peace

STAFF

Mr. Mark Leary, Executive Director

Mr. Elliot Block, Chief Counsel

Ms. Marie Carter, Senior Staff Counsel

Mr. Howard Levenson, Director, Local Jurisdiction, State
Agency & Business Assistance Program

Ms. Marissa Luna

Ms. Shirley Willd-Wagner, Chief, Financial Assistance
Division

Mr. Calvin Young, Supervisor, Grant Program-B

ALSO PRESENT

Mr. Michael Blumenthal, Rubber Manufacturers Association

Mr. Doug Carlson Rubber Pavements Association

Mr. Mike Joplin, The Valhalla Foundation

Mr. Terry Leveille, TL & Associates

Ms. Mary Pitto, Rural Counties Environmental Services

Mr. Jeff Smith, International Surfacing System

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1 PROCEEDINGS

2 CHAIRPERSON PETERSEN: Welcome to the California
3 Integrated Waste Management Board's Market Development &
4 Sustainability Committee. I almost forgot where I was.

5 Please put your cell phones -- you know the
6 drill -- cell phones on the silent mode, please.

7 Victoria, would you call the roll, please.

8 COMMITTEE SECRETARY CARVAJAL: Brown?

9 COMMITTEE MEMBER BROWN: Here.

10 COMMITTEE SECRETARY CARVAJAL: Chesbro?

11 COMMITTEE MEMBER CHESBRO: Here.

12 COMMITTEE SECRETARY CARVAJAL: Chair Petersen?

13 CHAIRPERSON PETERSEN: I'm here.

14 COMMITTEE MEMBER CHESBRO: It turns out that
15 Brown does come earlier on the alphabet than Chesbro.

16 CHAIRPERSON PETERSEN: That's right.

17 Okay. Speaker requests at the back of the room.
18 Please bring them up to Victoria if you want to speak to
19 something on the agenda today.

20 And please note that we pulled Board Item 13.

21 And is there anybody here who would like to speak
22 to something that's not on the agenda today?

23 Oh.

24 MR. LEVEILLE: Thank you, Chair Petersen,
25 Committee members. Terry Leveille here, TL & Associates,

1 representing CRM at this stage.

2 But we just got a call yesterday that CRM had a
3 million pounds of crumb rubber in their warehouse in
4 Compton ready to go out to the Los Angeles Unified School
5 District for spreading on their artificial turf fields.
6 That crumb rubber was canceled -- that order was canceled
7 because of fear from the district that that crumb rubber
8 somehow would off-gas and provide some kind of harm. This
9 is just an example of the kind of stuff that's happening
10 in other areas. It's probably the most dramatic one
11 that's happened in California. And I just wanted to kind
12 of let you know.

13 I don't have all the details, whether or not it
14 came up before a board meeting. I know that the State of
15 New York is conducting their -- and I was talking earlier
16 with Howard and stuff. But the State of New York is
17 conducting their study on the off-gassing properties of
18 crumb rubber. We've got our contract with OEHHA that is
19 right now probably just still in the phase of looking at
20 the literature search. And they're going to go in a
21 second phase down the line of a primary study. But it's
22 just one of those things that if I can get some more
23 information from the Board on the specifics and maybe
24 request from the Board some form of communication with the
25 district until these kinds of things are done, that, you

1 know, information could be forwarded to the District.

2 But I just wanted to kind of let you know that
3 this is something that could possibly mushroom in
4 California and could put a severe dent on -- the two crumb
5 rubber producers in California that are primarily focusing
6 on those markets are CRM and VAS in San Bernardino.

7 CHAIRPERSON PETERSEN: Well, thank you for
8 letting us know.

9 It's interesting how these things come up and
10 those question marks. I have a -- Michael. My question
11 is, is there any -- I mean is this stuff being used in
12 Europe? I suppose it is. They've done studies on this.
13 Are we finding out what's going on over there? Because
14 they've probably been doing it longer than we have.

15 Michael, you could tell us.

16 MR. BLUMENTHAL: This is a perfect segue. And I
17 didn't --

18 CHAIRPERSON PETERSEN: I used to run a talk show,
19 Michael.

20 MR. BLUMENTHAL: And I didn't even talk to Terry
21 before this. This is not a coordinated presentation. And
22 Terry provided a -- is what I'm going to give to you right
23 now.

24 I am ready, please, to announce that we have just
25 finalized --

1 CHAIRPERSON PETERSEN: Oh, Michael, tell us who
2 you are.

3 MR. BLUMENTHAL: Oh, I'm sorry. My name is
4 Michael Blumenthal. I represent the Rubber Manufacturers
5 Association. And we are about to -- we are going to
6 release a review of the human health and ecological safety
7 of exposure to recycled tire rubber found at playgrounds
8 and synthetic turf fields. And it has all the information
9 that Terry's client needs, and this after -- before --
10 well, right after lunch, I will Email a copy to Howard
11 Levenson. And then he will send each and every one of you
12 a copy. I will send Terry a copy.

13 And in the report it does most certainly look at
14 what they are doing in Europe. And they've been using
15 this material in Europe for years, and they have given a
16 complete clean bill of health.

17 The concerns, while I'm sure they are well
18 meaning, are unfounded. The health impacts on -- the
19 human health impacts are nonexistent. And the concerns,
20 while well meaning, most certainly can be addressed by
21 anybody who wishes to look at the facts.

22 CHAIRPERSON PETERSEN: So you'll get this to
23 Terry, and Terry, you'll call L.A. Unified School we fix
24 this, right?

25 MR. BLUMENTHAL: Yes.

1 CHAIRPERSON PETERSEN: God, we're good.

2 (Laughter.)

3 MR. BLUMENTHAL: And the other thing that this
4 paperwork does, it does go through and it -- we already
5 have done the complete worldwide search on all literature
6 on this topic. I think we have eight or nine pages of
7 references and citations from around the world.

8 The other thing that it does, it has a series of
9 recommendations that I'm hoping the Board will take a look
10 at and will bring to the attention of OEHHA, because it
11 will give them a very clear insight and direction how to
12 focus the next phase, since it is -- it is tire fee money.
13 It should be directed at the most efficient -- in the most
14 efficient manner. And I think the report that we have has
15 already done all the primary work. So I think we just got
16 you up the food chain by about six months.

17 CHAIRPERSON PETERSEN: Right. Thank you,
18 Michael.

19 MR. BLUMENTHAL: And you'll have it shortly
20 after --

21 CHAIRPERSON PETERSEN: Thank you very much.

22 Anybody else?

23 Okay. We fixed that this morning.

24 Now, Howard, you're up.

25 LOCAL JURISDICTION, STATE AGENCY & BUSINESS

1 ASSISTANCE PROGRAM DIRECTOR LEVENSON: Good Morning, Mr.
2 Chair and Board members. Howard Levenson with the
3 Sustainability Program.

4 I don't have a Program Director's report for you
5 this morning. I think there's been enough going on at the
6 various committee meetings, that you've all been busy and
7 we've been busy.

8 So I think we can go directly to Item 14, if
9 you're ready.

10 CHAIRPERSON PETERSEN: I'm ready.

11 LOCAL JURISDICTION, STATE AGENCY & BUSINESS

12 ASSISTANCE PROGRAM DIRECTOR LEVENSON: Which is:

13 Consideration of the Applicant Eligibility
14 Project Eligibility, and the Evaluation Process for the
15 TDP Program for the next -- for this Fiscal Year and the
16 next Fiscal Year.

17

18 LOCAL JURISDICTION, STATE AGENCY & BUSINESS

19 ASSISTANCE PROGRAM DIRECTOR LEVENSON: Presenting this
20 item will be Marissa Luna. This is Marissa's first
21 presentation before the Board, so be merciful. Ask
22 questions but be merciful. She's done a great job on
23 prepping this and knows the program in and out, and I'm
24 happy to turn it over to Marissa for her presentation.

25 CHAIRPERSON PETERSEN: Good morning Marissa.

1 MS. LUNA: Good morning.

2 CHAIRPERSON PETERSEN: And I'm harmless. Okay?

3 (Laughter.)

4 EXECUTIVE DIRECTOR LEARY: Nobody's buying that
5 one.

6 (Laughter.)

7 (Thereupon an overhead presentation was
8 Presented as follows.)

9 MS. LUNA: The Board-approved five-year plan for
10 the Waste Tire Recycling and Management Program allocates
11 \$2 million to the Tire-Derived Product Program for the
12 next two fiscal years. Staff has successfully
13 administered three cycles thus far.

14 --o0o--

15 MS. LUNA: Staff is recommending the continuation
16 of previously Board-approved eligible applicants. This
17 includes certain public and private entities as indicated
18 in the agenda item. In addition, staff is recommending
19 adding California state agencies as an eligible applicant.

20 --o0o--

21 MS. LUNA: The following is a list of application
22 requirements unchanged from prior cycles:

23 An applicant must certify with the -- compliance
24 with the principles of Environmental Justice;

25 Provide a current approved resolution or a letter

1 of commitment;

2 Acknowledge that an environmentally preferable
3 purchases and practices policy is adopted;

4 --o0o--

5 MS. LUNA: Certify that 100 percent California
6 waste tires will be used in the project;

7 Submit the general checklist of business permits
8 and filings form;

9 Submit only one application per qualifying
10 entity. However, an application may include multiple
11 tire-derived products and projects.

12 --o0o--

13 MS. LUNA: For this cycle staff recommends adding
14 two new applications requirements. Since the grant
15 reimburses for the tire material only, the grantee must
16 use other funds to pay for labor and/or equipment needed
17 to complete the project. Therefore, we're recommending
18 the applicant must certify that the additional funds
19 needed to complete the project will be obtained by the end
20 of the grant term.

21 Also, the applicant must acknowledge acceptance
22 of all grant agreement provisions per the terms and
23 conditions and procedures and requirements.

24 --o0o--

25 MS. LUNA: All projects must be located in

1 California. A minimum of 2500 California waste tires must
2 be diverted by the proposed project or projects. Past
3 cycles did not allow for reimbursement of tire buffings.

4 In evaluating this issue, staff has
5 differentiated truck tire buffings from passenger tire
6 buffings. Truck tire buffings have such a strong market,
7 that the truck tire buffings are being imported from other
8 states to meet the demand.

9 Because of the changes in the marketplace, a
10 demand for a shredded mulch material created from
11 passenger tires is emerging. The passenger tires are
12 typically from sports utility vehicles and light-duty
13 trucks. These materials may be used as a substitute for
14 truck tire buffings and a variety of applications
15 including landscaping and bore-in-place playgrounds.

16 In an effort to support the emerging market for
17 these passenger tire products, staff is recommending
18 allowing buffing material from passenger tires. Truck
19 tire buffings may be used in the project but are not
20 eligible for reimbursement and cannot be used to achieve
21 the project minimum requirements.

22 --o0o--

23 MS. LUNA: Projects generally fall into one of
24 three categories: Agriculture/landscape, transportation,
25 or recreation.

1 Private schools are only eligible for
2 agriculture/landscape and transportation projects due to
3 the restrictions of the California Constitution.

4 Projects that advance educational function are
5 prohibited from receiving a grant. This includes
6 recreation projects that can be used in physical education
7 activities.

8 --o0o--

9 MS. LUNA: The Grants and Loan Resources Branch
10 will perform the initial data entry and completeness
11 review. Staff will then review applications to determine
12 the applicant and project eligibility. If more grant
13 funds are requested by eligible applicants than are
14 available, a random selection process will be conducted.

15 --o0o--

16 MS. LUNA: The grant award will be calculated
17 using the actual cost per tire diverted up to a maximum of
18 \$5 per tire. Staff is proposing a maximum award amount of
19 \$150,000 per applicant, which is a \$50,000 increase from
20 the last cycle. The increased grant award encourages
21 multiple project sites within one grant and allows more
22 funds to be received for large projects that will divert
23 more tires.

24 The award item will be presented tentatively
25 March 2009.

1 --o0o--

2 MS. LUNA: Staff recommends Option 1, Adoption of
3 Resolution No. 2008-135.

4 Thank you.

5 CHAIRPERSON PETERSEN: Very good. Well done.

6 First of all, I'd like to also recognize Member
7 Peace, who's joined our Committee this morning.

8 And -- oh, and Rosalie.

9 BOARD MEMBER MULÉ: Good morning.

10 CHAIRPERSON PETERSEN: Good morning. Everybody's
11 here. This is great.

12 Okay. We have one speaker for this item, a Mike
13 Joplin.

14 Good morning.

15 MR. JOPLIN: Good morning, Mr. Chairman, Board
16 members, Committee members. Thanks for allowing me to
17 speak today.

18 I wanted to --

19 CHAIRPERSON PETERSEN: Can you just give us your
20 name and your affiliation, please.

21 MR. JOPLIN: Certainly. I'm sorry.

22 Mike Joplin is my name. I'm President CEO of the
23 Valhalla Foundation. We support Valhalla High School in
24 Rancho San Diego, California, which is east of San Diego
25 proper.

1 There are about 2,000 kids in that school, and
2 our community has about 150,000 folks immediately
3 surrounding the facility that I'm going to talk about with
4 you

5 CHAIRPERSON PETERSEN: Great.

6 MR. JOPLIN: What I'm here today to do is state
7 three issues that are out there for folks like us, which
8 are community members that raise money to install athletic
9 facilities in public schools and private schools.

10 My wife and I formed the Valhalla Foundation two
11 years ago for the purpose of becoming a school-connected
12 organization registered as a 501(c)(3) and approved by the
13 school district as a school-connected organization under
14 the Education Code. It allows us some freedom of movement
15 to raise funds on behalf of the school without necessarily
16 involving the educational system and the politics that are
17 involved in all of that.

18 In short, in about four months we raised \$1.7
19 million to build an athletic facility at Valhalla High
20 School and overhaul what was there. We replaced the
21 entire dirt field and the decomposed granite track with
22 the synthesized rubber and the artificial turf surface.

23 In addition to that, we adopted a very aggressive
24 conservation policy and a practice. And what I mean by
25 that is that we figured out that we could literally sink

1 wells on that property and extract groundwater and begin
2 irrigating the landscape around the school with the
3 groundwater. That plus what we replaced in natural turf
4 that we used to be watering comes to 200 million gallons
5 over ten years on that property, and save the district
6 \$1.6 million. So effectively what we did was we took the
7 savings from the water bill for the Grossmont School
8 District and used that money to pay for a field.

9 The issue though is we can't do that everywhere,
10 and we need to go out and establish ourselves as a fund
11 raising model, which we're doing all over the district and
12 all over the San Diego County and hopefully California.

13 The reason I'm here today to tie it all together
14 for you is we need to modify the rules for the
15 grant-making process to make it easier for groups like us
16 to raise money to make up the difference between what the
17 schools receive in budget money from the state and their
18 local tax base and what it actually needs.

19 The first thing I'd like to do again is state the
20 issue and then I'd like to state the recommended change.

21 What we'd like to do is we'd like to lift the
22 restriction that a school district can only apply once
23 every two years. Now, what that does for the larger
24 school districts -- and I was listening to the L.A.
25 Unified. But using them as an example, if they wanted to

1 apply for grants using this program, they can only apply
2 once every two years, and they have 60 high schools. It
3 would take them 120 years to cycle through their high
4 school district and get the benefit of this grant program.

5 What we need to do is make it a site-specific
6 application so a district can make multiple applications
7 for a single site up to the limit of the grant. If they
8 have their money raised and they're ready to go, we
9 shouldn't stand in the way and let those district and the
10 local people who've raised the money to put these fields
11 in step forward and utilize this grant money.

12 I'm very appreciative, by the way, that staff has
13 recommended the increase from 100,000 to 150,000. That
14 makes a world of difference to folks like us.

15 So that was the -- that's issue. I'd like to
16 state the change that we're requesting.

17 First of all, we request no other terms and
18 conditions, products or eligibility be changed. They all
19 stay the same. We don't want to see any of the status quo
20 in the way that the programs are administered and the way
21 the eligibility requirements are, with the exception in
22 this case being we'd like to change the definition of
23 qualifying entity to allow each school site within a
24 district to be defined as an applicant. The school site
25 itself being made an eligible applicant will then be able

1 to apply for a 150,000 grant independently of the school
2 district at large limitation.

3 The district's need to be able, in short, to
4 apply for multiple grants in each fiscal cycle.

5 The second issue. School-connected organizations
6 or independent 501(c)(3)'s are the wave of the future.
7 It's now sweeping the state. It's clear through the
8 budget cuts that we've received all over California in the
9 school districts that the PTAs are having to raise money
10 for pens and pencils. It's just craziness. So we as a
11 community and community leaders have banded together and
12 formed an organization to support the school itself, the
13 school site. So that dovetails with that first change
14 that we're recommending.

15 What we'd also like to see is -- and in our
16 particular case, the Valhalla Foundation applied for a
17 grant back in '07. When we built that field that I
18 described to you and raised the million seven to do that,
19 we received no money from the grant. Due to confusion in
20 the grant application process with the district, it all
21 went around in a big circle and, long and short of it, no
22 money was awarded. So there was no money from the grant
23 program.

24 We'd like to fix that. We'd like to make
25 school-connected organizations a qualifying entity. We'd

1 like to submit -- and that would be qualifying entity as
2 defined under the Education Code. The Foundation is
3 willing to offer legal counsel draft language to that to
4 submit to staff should this Committee decide the move
5 forward. We have some recommendations in that regard.
6 This will allow 501(c)(3)'s that have been organized to
7 raise money to put these fields in to become an applicant
8 and supervise the process of rounding up the money.

9 It's 10 cents on the dollar of the entire thing
10 if you figure on spending a million five. But it's
11 150,000 bucks that we wouldn't normally be able to get our
12 hands on it. And that to a community's a lot of money.

13 So, my recommendation again is include registered
14 nonprofit public benefit corporations as defined as
15 school-connected organizations be permitted to be
16 applicants under the grant program.

17 Last but not least, one of the issues that
18 frustrates people that are out raising money for the
19 benefit of these public schools is that we have
20 money-raising grant-timing issues. There comes times
21 where the money is available and it's available right now
22 to do the field. We as fund raisers go out and we talk to
23 corporations, local businesses, and individuals who have
24 the money available to do the project right now. They may
25 not have that money available six months to a year from

1 now. But we still don't have enough to complete the
2 project, but we need to be able to commit to doing the
3 project under the current program. And what we're asking
4 for here is -- if we raise the money to do a project and
5 it gets done and we miss the current fiscal cycle, we're
6 disqualified from applying for reimbursement from a prior
7 cycle even though the work got done.

8 So what I'm looking for there on behalf of our
9 school districts is a provision that the Grant Award
10 Committee at its discretion may accept a fully qualified
11 application in the current fiscal cycle that covers
12 reimbursement for a qualifying fully compliant project
13 completed in the preceding fiscal cycle. I want to claw
14 back one year. So if we finish the project, it meets all
15 other criteria, everything is certified, everything is
16 done according to rules, we would like to submit that and
17 if there's funding available in the current fiscal cycle,
18 we'd like the Grant Committee to be able to reach back and
19 say, "We have money left that's unallocated." That may
20 never exist. I don't know. But I'd like the ability for
21 the Committee to say, "Hey, these guys did the work.
22 Here's the pictures. It was all qualified. It was all
23 applied for," and go ahead and accept that application and
24 provide a grant.

25 That's all I had for today. I have question and

1 answer if you'd like.

2 CHAIRPERSON PETERSEN: Well, first of all,
3 Michael, unbelievable what you're doing at the school
4 district. And, believe me, I know; I was just visiting
5 some schools in L.A. about some of the things that are
6 going on down there. But it's Bravo! to you guys at what
7 you're doing. And we'll take your comments under
8 consideration.

9 Is there any comments from Shirley, Howard,
10 anybody. I find it's intriguing in what he has had to
11 say.

12 LOCAL JURISDICTION, STATE AGENCY & BUSINESS
13 ASSISTANCE PROGRAM DIRECTOR LEVENSON: Well, I think I can
14 start off some of the discussion. And I think the first
15 issue that Mr. Joplin raised obviously was the restriction
16 on a school district applying once every year and then
17 having that be site specific.

18 Currently, a school district can apply and have
19 multiple sites within the application. Obviously \$150,000
20 is only going to go so far. It's not going to cover
21 dozens of sites. But there is some flexibility within the
22 process already.

23 That's certainly a policy discussion for the
24 Committee. And, you know, we're ready to follow your
25 direction on that.

1 One thing to consider on that issue is that the
2 program already is oversubscribed. We have a lot of
3 jurisdictions who apply for grants. And so there's just a
4 call as to how do we focus this. And then we only have a
5 certain amount of money this year.

6 COMMITTEE MEMBER CHESBRO: More money.

7 (Laughter.)

8 CHAIRPERSON PETERSEN: Okay.

9 LOCAL JURISDICTION, STATE AGENCY & BUSINESS

10 ASSISTANCE PROGRAM DIRECTOR LEVENSON: So that's a
11 discussion to have with you. And we're ready for your
12 direction on --

13 CHAIRPERSON PETERSEN: Well, I think we're going
14 to discuss this quite a bit, Mike. So stick around, it
15 might get interesting.

16 MR. JOPLIN: Thank you very much.

17 CHAIRPERSON PETERSEN: But I appreciate your
18 coming.

19 MR. JOPLIN: Thank you, Mr. Chairman.

20 LOCAL JURISDICTION, STATE AGENCY & BUSINESS

21 ASSISTANCE PROGRAM DIRECTOR LEVENSON: On the other two
22 points about the registered nonprofits, I think that's
23 something we're going to have to defer to Legal and have
24 an analysis as to whether that's allowable under the
25 statute. And, you know, I think Marie probably would

1 appreciate some time to be able to look at that. And I
2 don't know if she has an answer right on the spot.

3 CHAIRPERSON PETERSEN: Okay.

4 LOCAL JURISDICTION, STATE AGENCY & BUSINESS

5 ASSISTANCE PROGRAM DIRECTOR LEVENSON: And I think the
6 same question would apply to the issue of reimbursing --
7 activities from a prior grant cycle as to whether that's
8 allowable. We have a certain number of fiscal years for
9 each site grant that can be -- activities can be conducted
10 under. And my initial reaction is that I don't think that
11 that's possible. That's something we need to explore with
12 Legal.

13 CHAIRPERSON PETERSEN: Okay. Great, Howard.

14 COMMITTEE MEMBER BROWN: If we're always
15 oversubscribed, then there wouldn't be allowable funds to
16 fund a previous grant cycle.

17 LOCAL JURISDICTION, STATE AGENCY & BUSINESS

18 ASSISTANCE PROGRAM DIRECTOR LEVENSON: And I'm not sure
19 even if we weren't oversubscribed if that would be a legal
20 activity. So that's something we need to look at.

21 SENIOR STAFF COUNSEL CARTER: Marie Carter,
22 Senior Staff Counsel.

23 In reference to the timing for payment, we have
24 that money available to us for a certain period of time.
25 After that it's lost, if you will. In this case we have

1 an oversubscribed program, so we don't have any money
2 anyway to go back, as was stated earlier.

3 But we would want a little bit of time to work
4 with Admin on this to explore some other possibilities
5 should the Board so direct.

6 Additionally, as to the eligibility of 501(c)(3),
7 we'd like a little additional time. My understanding of
8 the authority that the Board has for this grant is that
9 it's quite broad. So I would imagine that that would be
10 considered an eligible applicant. But, again, because
11 this particular grant is such a favored grant, we'd want
12 to be really careful that we get everything correct, so
13 when the Board approves it they have a comfort level that
14 we're not going to be challenged on a legal basis.

15 CHAIRPERSON PETERSEN: Great. Thanks, Marie.

16 COMMITTEE MEMBER CHESBRO: Mr. Chair?

17 CHAIRPERSON PETERSEN: Yes, Senator.

18 COMMITTEE MEMBER CHESBRO: Just directly in
19 response to this couple of thoughts.

20 One is that the politics the gentleman refers
21 to -- and I understand from a local school site standpoint
22 the desire to have more autonomy. But the School Boards'
23 Association might have a different point of view in terms
24 of the idea that we're sort of encouraging schools to
25 individually apply. So that's just a complication.

1 I'm not necessarily against this. I'm just
2 pointing out that there's two sides to every coin, you
3 know.

4 And the other thing is that the question of
5 distribution is one that the Legislature deals with in
6 any -- almost every funding program, and it's always a
7 conundrum between taking care of the large and not having
8 it all go to the large and somehow working out a fair
9 formula. And certainly going to individual school
10 districts seems like -- I mean individual school sites
11 seems like a fair way to try to accomplish that. But as
12 the staff has pointed out, the problem is funding. And so
13 I guess I go back to my sort of where I can play the tape
14 again point of view that we have funds.

15 And I think considering the -- we usually focus
16 on trying to jump-start the market for tires. And that's
17 the primary purpose. But I think the gentleman's pointed
18 out the water conservation benefits and, you know, all of
19 the array and the support for education. There's the
20 whole broader array of interests involved here that sort
21 of converge, which makes it a real exciting program I
22 think.

23 So if we do go down this path, I mean I would
24 suggest that the way to avoid the perennial problem of,
25 you know, reducing funding in one area of the state in

1 order to increase it in another would be for us to try to
2 find a way to put more money in if we're going to
3 change the -- change the way we do it. So those are just

4 CHAIRPERSON PETERSEN: Exactly.

5 LOCAL JURISDICTION, STATE AGENCY & BUSINESS

6 ASSISTANCE PROGRAM DIRECTOR LEVENSON: Mr. Chair, if I
7 could add one point on to what Senator Chesbro said. And
8 there would be a concern from a staff viewpoint of just
9 the administrative burden. Years ago we had the ability
10 for individual schools to -- I believe to apply and we had
11 hundreds of applications. And that's one of the reasons
12 we went to the school district eligibility, so that
13 there'd be a little bit more efficiency in terms of the
14 school district's bundling applications and our ability to
15 process that. So we would have real difficulties
16 administratively dealing with that number of --
17 potentially a much higher number of grant applications.

18 CHAIRPERSON PETERSEN: Good, Howard. Good to
19 know.

20 COMMITTEE MEMBER CHESBRO: But play down a likely
21 role of someone who's, you know, advocating for the large
22 school districts. I think the point of view that says
23 though that, you know, gee, one district school is going
24 to do as well as we are in San Diego Unified or Los
25 Angeles is a pretty valid argument. It's pretty hard to

1 argue that it's fair to say that, you know, Modesto has
2 the same crack as L.A. Or San Diego.

3 So the general point is a good one and trying to
4 figure out a way to address that without defunding others
5 in the process I think is a valid point. There might be
6 another way to do it. But that of course gets us into the
7 whole complicated formula question of how you figure out
8 fair to large and small alike.

9 CHAIRPERSON PETERSEN: And it's been -- we've
10 already been through this. The history of this is pretty
11 significant in how we've done this in the past. So, you
12 know, we learn from the history and maybe figure out some
13 other creative ways to do things.

14 Are there any other questions? I have one other
15 speaker.

16 Oh, yes, Madam Chair.

17 COMMITTEE MEMBER BROWN: I have a question.

18 And I had questions before about -- my first
19 question is: How did you come up with the additional
20 50,000? Is that an economic or just a guess as to how
21 much to increase it based on the applications we've
22 gotten? Is it an economic indicator?

23 MS. LUNA: Because we do have the two-year
24 restriction, we wanted to allow applicants to have
25 additional projects with the application. Most of our

1 awards don't use the full hundred thousand. So we figured
2 50,000 would be a reasonable amount to add. We did not
3 want to increase it too much since we are oversubscribed.

4 COMMITTEE MEMBER BROWN: Okay. Well, and that
5 may or may not play into the discussion about districts
6 and combining applicants within a district. And I think
7 our speaker -- what you've done is certainly laudable.
8 And, you know, for your school and maybe your school
9 district it made -- you know, it was the best thing to do.
10 I'm not sure that every school needs to redo their playing
11 field to find the multiplied benefits.

12 Wes, you made some tremendous observation as the
13 multiplied benefit that this program can provide with
14 water quality and savings.

15 So that may be the best approach for some
16 schools.

17 But my concern in changing all these rules is,
18 what is our purpose in this program? And this program --
19 although I do agree, we need to possibly look at adding
20 funding, the purpose of this program is to encourage usage
21 of these projects and create a self-sustaining market.
22 It's not the mission of retrofitting every school track in
23 the State of California for multiplied environmental
24 benefits. Although that is a huge consideration for
25 school districts, and that may be their argument to change

1 that over for all the cost savings that you said.

2 But, you know, this program is very
3 oversubscribed. And I go back to the initial purpose of
4 this program, and that's to create self-sustaining markets
5 for multiplied uses of tire-derived products. And I'm not
6 opposed to looking at some of the things that you said to
7 start encouraging and maybe allow more school districts to
8 apply. We do have the north-south split on this. So, you
9 know, I think that there are some things we can maybe
10 think of or consider, but I want to make sure we maintain
11 the purpose of this.

12 And if we want to increase the amount of grant
13 funds available, we certainly have the money in the Tire
14 Program to do that and have indicated that, you know, we'd
15 be willing to entertain that as well.

16 CHAIRPERSON PETERSEN: Thank you.

17 Madam Chair, I agree with you, that this is a
18 market development program, and that's what it was set up
19 to do. The side bar of this though is we get to help
20 schools and other people do other things. But when you
21 put this stuff out in the marketplace and advertise it
22 until one school hears "This is what we did on our
23 playground" and talked to another school, that's what --
24 you know, get people excited about the project and what it
25 means and maybe it's cheaper than using other materials,

1 that's what this was all about.

2 Okay. Well, should we take one more speaker?

3 Cheryl.

4 I have one more speaker.

5 Terry Leveille, come on up again --

6 MR. LEVEILLE: This will be quick.

7 CHAIRPERSON PETERSEN: -- because this is going
8 to be interesting.

9 (Laughter.)

10 MR. LEVEILLE: Chairman, Committee members, Board
11 members. Terry Leveille representing the California Tire
12 Dealers Association.

13 Once again, I think that -- actually I should let
14 Committee Member Brown speak for me, because that was the
15 real issue, is that the purpose of the program in the
16 initial stages was to help develop this marketplace by
17 introducing cities, counties, school districts, and the
18 like to these various products, that are good products,
19 and to help them out in the paying for them. And down the
20 line we're looking at ultimately, you know, winnowing this
21 grant program down to hopefully nothing, because everybody
22 will see how great these products are, particularly the
23 crumb rubber that's spread on the turf -- on the
24 artificial turf, and the water saving, the environmental
25 application, the environmental benefits from artificial

1 turf as opposed to the grass -- the natural turf.

2 But that was just -- I just wanted to recall
3 that. And we always keep that in the back of our minds
4 while we are working actively to develop these markets.
5 And as I say, I think this is a work in progress. And,
6 you know, I have no problems about increasing the amounts
7 or expanding the types of jurisdictions or the types of
8 organizations that should be able to apply for it.
9 That's, you know, your policy decisions.

10 CHAIRPERSON PETERSEN: That's good to know,
11 Terry. That's good to know.

12 MR. LEVEILLE: That's your policy. That's not
13 mine. It's yours.

14 CHAIRPERSON PETERSEN: But it was good to know.

15 Anyway, thank you very much.

16 Okay. Thank you.

17 Cheryl.

18 BOARD MEMBER PEACE: I was just going to say, I
19 do believe an eligible applicant should include individual
20 schools as well as school districts. I know I said the
21 purpose is to develop the markets; and if a school
22 district uses it, they should see how great it is and use
23 it at all their schools. But we know that's not reality.
24 We know schools are -- they don't have the money to do
25 these things. So that's -- even though we'd like to see

1 that happen, that's just not going to happen, not in these
2 economic times. So I think we have to ask ourselves, who
3 is the beneficiary of these grants? It's not the school
4 district. It's the school kids. And we need to ask
5 ourselves, shouldn't every school child in California have
6 an equal chance to benefit from an improved track, an
7 improved field, or an improved playground that our grant
8 funds can provide?

9 So I am very strongly in favor of changing that
10 to individual schools. And also one of the other grant --
11 one of the grant criteria things, it says that you can
12 apply for a grant every two years. And I'm thinking,
13 well, if it is to develop markets, why are we allowing
14 that? This is a program that is so oversubscribed, I
15 would say once you get a grant, like, okay, that's it.
16 You've gotten one. Why should you be able to apply again
17 in two years?

18 So I would strike that and just say, okay, you
19 get our money one time, and try to develop the markets
20 that way.

21 FINANCIAL ASSISTANCE DIVISION CHIEF WILLD-WAGNER:

22 Good morning, Committee members. Shirley
23 Willd-Wagner with the Financial Assistance Division.

24 Just a couple of thoughts. And as everyone has
25 said, the Committee has full discretion on these, and

1 we're happy go with either, you know, instruction to look
2 into things more or define the eligible applicants at your
3 desire.

4 One inning I will mention that Howard alluded to
5 was when we had individual school applicants back when we
6 had -- it was the Playground -- in 2005 this program was
7 changed to the Tire-Derived Product Grant. Before that it
8 was the Tire Playground, Cover, Track and Other
9 Recreational Surfacing Grant. And when that began we had
10 nearly 400 applicants. And with individual schools with
11 an oversubscribed program, unless we could find some other
12 creative way rather than having full agreements with each
13 of those nearly, you know, maybe up to 400 schools, we
14 would have to find a different way to do business. We
15 simply couldn't handle that staff-wise to be perfectly
16 honest.

17 There might be ways that -- member Chesbro sort
18 of alluded to other creative ways of perhaps allowing
19 larger counties to receive a higher dollar amount.

20 COMMITTEE MEMBER CHESBRO: What the Legislature's
21 tried to do is some cases is to create different grant
22 amounts. And, for example, a district above a certain
23 size would be eligible for more money. And, therefore,
24 you're supposed -- I know that wouldn't solve this
25 gentleman's concern. But it would at least mean that that

1 district was eligible for a more proportional or
2 fair proportion of the money.

3 COMMITTEE MEMBER BROWN: Well, and exactly what I
4 was thinking. School districts over a certain number, a
5 million students, qualifies in large school applicant.
6 And if they submit a multi-school application, then they
7 qualify for a higher amount. And if you're a small school
8 district that has under a certain amount, then for a
9 multiple location application that would encourage them to
10 include all the schools -- or multiple schools and not
11 just apply for one school.

12 BOARD MEMBER PEACE: Or maybe base it on school
13 district population, like --

14 COMMITTEE MEMBER BROWN: Well, that's the way it
15 is, student --

16 BOARD MEMBER PEACE: -- there's so much -- yeah,
17 there's so much student population, you can apply for
18 grant --

19 COMMITTEE MEMBER BROWN: Well, that's what I'm
20 saying. If you have more than a million students in your
21 school district, then you qualify as a large student or
22 whatever. There would be a natural break there. If you
23 have a million students, you're a large district. If you
24 have less than a million, or whatever that is, then you
25 qualify for a large district application or a small

1 district application.

2 CHAIRPERSON PETERSEN: We could come up with some
3 formulation for that.

4 COMMITTEE MEMBER CHESBRO: Now, before we get --
5 oh, go ahead. I'm sorry.

6 FINANCIAL ASSISTANCE DIVISION CHIEF WILLD-WAGNER:
7 The only thing I was going to say is that
8 currently there are other eligible applicants, cities and
9 counties and park districts and park and recreation
10 departments within cities and counties. We would probably
11 have to come up with something that would say not just
12 based on school enrollment -- school district enrollment
13 but rather the population if we're going to accommodate
14 all of those other eligible applicants.

15 CHAIRPERSON PETERSEN: Well, I have an idea.
16 What if we were to break the categories up and we fund
17 maybe one year just schools and the next year we do park
18 and recs. And what we do also is -- the Senator's
19 suggestion is put more money into this program. Because
20 for me, I love civil engineering products and it's getting
21 rid -- and I want to know how this is going to affect some
22 of the industries that make rubber products. But for me,
23 you know, for throwing back, you know, your cement block
24 wall with stuff or making stuff for playgrounds in schools
25 and fixing up the tracks so the kids can play on, you

1 know, relatively safe equipment, I'm going for the school
2 side of things.

3 And I don't know how that affects the industry
4 and what the manufacturers do - I might ask Michael that
5 question. But what if we were just to say, you know,
6 maybe we've just got to take these year at a time in the
7 different sectors and let's go for broke. What do you
8 think --

9 COMMITTEE MEMBER BROWN: I think that's a really
10 difficult, dangerous way to go. If you look at the
11 application --

12 CHAIRPERSON PETERSEN: Because someone will get
13 mad at me?

14 (Laughter.)

15 COMMITTEE MEMBER BROWN: No. I just think that,
16 you know -- I think we're able to fund a more -- a variety
17 of programs if we keep it -- we're funding at this point a
18 pretty good mix of both. I mean just in looking and
19 scanning, it's pretty -- you know, and I didn't
20 scientifically count it here, but we're funding a lot of
21 schools. We're funding also ag districts, park and rec
22 districts, cities and counties. So we're getting
23 everybody we need. And correct me if I'm wrong, but every
24 eligible applicant over the last few years that I've been
25 here has been funded during reallocation. So we have been

1 able to fund every applicant through reallocation. We
2 need to address the issue because -- we've got enough
3 money in the tire fund to not have to wait for
4 reallocation, but I'd rather continue to fund rather than
5 say we're only doing schools this year and we're only
6 doing parks this year. I'd rather put more money in it
7 and fund everybody and just get criteria where we
8 encourage more usage to -- personally.

9 CHAIRPERSON PETERSEN: Anybody else?

10 COMMITTEE MEMBER CHESBRO: Well, just since we
11 started going I think down the road more towards the idea
12 of different categories for different sizes, I think the
13 equation there in my opinion would have to include
14 additional funding in order to not have it be one area
15 gains at the expense of another, you know, which is of
16 course the difficulty when every time you mess with a
17 formula that's a fixed --

18 CHAIRPERSON PETERSEN: Yeah, right.

19 Michael, could you come up here for a second.

20 Can you tell us if, you know, we wanted to expand
21 the funding for schools or this program, how would it
22 affect the other manufacturers of the other products?

23 MR. BLUMENTHAL: This is Michael Blumenthal,
24 Rubber Manufacturers Association.

25 I think one of the things that one of your

1 programs is doing is looking at the overall ground rubber
2 market, where the market currently is, what the
3 projections are, and what your pro -- and what your ground
4 rubber production capacity currently is in the state. And
5 I think you need to take a look at that. Because if you
6 increase the grant funding for these type of projects, I
7 think you may skew the market.

8 I wholeheartedly agree with what Ms. Brown said,
9 is that this needs to be a market development oriented
10 program. I mean I understand everything else. The
11 schools don't have enough money and it's a nice thing to
12 do. But my concern is what happens if the money goes away
13 tomorrow? Will you have achieved your goals? And if you
14 make it so that every school wants to go after this money
15 because the money is available and they wouldn't be able
16 to buy the stuff without the grant, well, that's not a
17 real sustainable market. I know it's a tough point to
18 make, and I'm not real happy about it. But that is the
19 market reality. When I hear that other markets are going
20 without their material, that the asphalt market at certain
21 times of the year cannot meet its demand because there is
22 a shortage of supply, when I hear that the in-fill market
23 cannot meet its demand because of a lack of supply, to
24 hear that you want to increase the amount of grants that
25 are available will further complicate this. I think you

1 need to take this holistic view of what is your real
2 capacity, what is the projected increase in capacity in
3 California? Because all these grants have to use
4 California-generated rubber. You can't bring the rubber
5 in from any places.

6 CHAIRPERSON PETERSEN: Right.

7 MR. BLUMENTHAL: So you need to look at what your
8 internal capacity is to produce, what your current market
9 demands are, what the projections are, and then look at,
10 where can we fill in the gaps? What markets need the
11 help? I think in-fill for artificial turf sells itself.
12 I think the market for that is very strong. I think
13 playgrounds typically will sell themselves. I think
14 they've been around long enough. I think it's the new
15 products that need help, you know, do the demonstration
16 project, put up the sign. So let people come and touch,
17 feel, see, put out the health report, and then let the
18 marketplace work.

19 CHAIRPERSON PETERSEN: Thank you, Michael.

20 COMMITTEE MEMBER CHESBRO: Mr. Chair?

21 CHAIRPERSON PETERSEN: Yes.

22 COMMITTEE MEMBER CHESBRO: Well, I hate to get --

23 BOARD MEMBER PEACE: Can I ask you -- I'm sorry.

24 COMMITTEE MEMBER CHESBRO: I hate to get sucked
25 back into this argument. But a) we have the money; and b)

1 I'll believe that there's a healthy market when people are
2 saying, "I need more tires," and all the tires in the
3 state are being recycled. And, you know what, we're a
4 long ways from that.

5 So, you know, I will agree with the idea that
6 priming the pump is no longer necessary when, you know,
7 people are out there looking for tires and even paying
8 for them, you know, because we've created demand for
9 products. But We're a long ways from that. So I still
10 think there's an awful lot of priming that needs to be
11 done, particularly in different parts of the state. And
12 we haven't gotten into the question of where are the
13 markets strong and where are they weak, because that would
14 be a whole other criteria if we were really being driven.
15 If we were really being driven by strictly markets and not
16 other -- you know, the other factors, we'd be saying,
17 okay, one part is state. You know, there's a really
18 robust market, another part there isn't. And then that
19 would be driving our funding criteria.

20 CHAIRPERSON PETERSEN: Okay. Cheryl.

21 BOARD MEMBER PEACE: When Michael was up here,
22 you mentioned California-generated rubber. And I've heard
23 some things, that California-generated rubber is more
24 expensive than rubber being trucked in from Arizona.

25 MR. BLUMENTHAL: I can't answer that question.

1 BOARD MEMBER PEACE: Can anybody out there answer
2 it? Do we know if that's a fact or not? Does anybody
3 know here?

4 MR. BLUMENTHAL: I don't track costs or price, so
5 I cannot answer that question.

6 BOARD MEMBER PEACE: Terry, do you know? Have
7 you heard that.

8 MR. LEVEILLE: This is Terry Leveille.

9 I do. There is some Arizona rubber that comes
10 in. But I think that most of that ends up in landfill.
11 There may be some -- there may be some that is made into
12 buffings, some truck tires. But most of the --

13 BOARD MEMBER PEACE: But you don't know if
14 there's crumb rubber coming from Arizona that's actually
15 undercutting the market?

16 MR. LEVEILLE: Crumb rubber coming from Arizona?

17 BOARD MEMBER PEACE: Yeah.

18 MR. LEVEILLE: Processed crumb rubber?

19 BOARD MEMBER PEACE: Yeah, processed crumb
20 rubber, that would be cheaper than processed crumb rubber
21 here.

22 MR. LEVEILLE: The cost of moving it --

23 CHAIRPERSON PETERSEN: Just the transportation
24 for it would --

25 BOARD MEMBER PEACE: Well, that's what I would

1 have thought, that the transportation costs these days

2 would make that not the case. But --

3 MR. LEVEILLE: If anything's coming out of
4 Arizona, there's some used tires maybe. There may be some
5 used tires that are, you know, resold in California. But
6 for the most part it's -- I think it would be prohibitive
7 for a company to move crumb rubber in. But I think some
8 of our Arizona people might know better.

9 BOARD MEMBER PEACE: Thank you.

10 CHAIRPERSON PETERSEN: Thank you, Terry.

11 BOARD MEMBER PEACE: And also I was going to --
12 in terms of if we went to individual schools and staff
13 being overloaded -- I mean this is just a thought -- I
14 mean since there's an oversubscribed program anyway and
15 everybody goes into a lottery and a number's pulled out, I
16 mean could you pull out a number, just do it, and instead
17 of -- say, if the thousand applications come in, instead
18 of doing them all, only do the ones with the numbers that
19 are pulled out and say we still have to make sure you
20 qualify? I mean if you don't, we go to the next one and
21 we just keep pulling numbers? I mean do you have
22 to -- would we have to score them all before we put them
23 into the lottery? Or could we score them after the
24 lottery?

25 FINANCIAL ASSISTANCE DIVISION CHIEF WILLD-WAGNER:

1 I'll respond to that a little bit, because I
2 don't fully know the answer. But we had thought about
3 that also, about the idea of just numbering the
4 applications as they come in and not entering them into
5 our data system or considering them fully. We usually do
6 a full application, a completeness review and
7 everything -- eligibility review. If we did a random
8 number generation first and have the random numbers, we
9 would probably have to do a -- just make sure that we do a
10 significant number over what the total dollar amount would
11 be, because there will need -- there might be very many
12 who are not qualified, they're not eligible, they don't
13 have their documentation in place. And we'll still have
14 to do something to add up the total dollars as we
15 draw -- as we did the random drawing. But that would be
16 something that we could work with Legal and Admin a little
17 bit on.

18 I'm sure that the number of awardees, even the
19 awardees after you go through all that process would
20 probably jump from -- is it about 80 total last year?
21 Sixty-two. I'm sorry. With individual school applicants,
22 I'm sure it would at least double even once you got that
23 done through the random process, but -- which means double
24 the amount of actual grant agreements and payment requests
25 and reports, et cetera. It's something we could look

1 into, but --

2 CHAIRPERSON PETERSEN: But then still that's more
3 work for staff on this.

4 FINANCIAL ASSISTANCE DIVISION CHIEF WILLD-WAGNER:
5 Definitely.

6 MS. LUNA: We also need to review all the
7 applications to make sure they're eligible, so we know how
8 much money to request for reallocation. So we do have to
9 look at all of them to make sure that they qualify.

10 CHAIRPERSON PETERSEN: Well, Howard --

11 LOCAL JURISDICTION, STATE AGENCY & BUSINESS
12 ASSISTANCE PROGRAM DIRECTOR LEVENSON: I don't have a
13 solution, Mr. Chair.

14 BOARD MEMBER PEACE: Well, we're still going to
15 have how much money is available for reallocation at some
16 point.

17 LOCAL JURISDICTION, STATE AGENCY & BUSINESS
18 ASSISTANCE PROGRAM DIRECTOR LEVENSON: I do want to just
19 make sure we understand that we have a specified amount of
20 funding that's available for this fiscal year per the
21 five-year tire plan. And certainly we may have additional
22 monies available later this fiscal year for reallocation.
23 So, the issue that more money -- and I certainly respect
24 Mr. Blumenthal's argument about market development versus
25 financial assistance. And that's always been the policy

1 dilemma on this program. But just to remind everyone that
2 there is money that we don't expenditure authority for in
3 the tire fund, and that was the subject of the report that
4 the Board adopted and sent to the Legislature just a month
5 or two ago. It's certainly something that assuming that
6 those monies were included in the next -- the '09-'10
7 budget proposals, we can look at that in the next
8 five-year tire plan in terms of, you know, potentially
9 increasing the pot. But that's something that we can't
10 deal with in this particular item in this fiscal year.

11 CHAIRPERSON PETERSEN: Well, with all the
12 suggestions and comments coming at you --

13 LOCAL JURISDICTION, STATE AGENCY & BUSINESS
14 ASSISTANCE PROGRAM DIRECTOR LEVENSON: -- we'd sure like
15 some direction.

16 (Laughter.)

17 CHAIRPERSON PETERSEN: Can you take a look at
18 this stuff and get back to us on this?

19 LOCAL JURISDICTION, STATE AGENCY & BUSINESS
20 ASSISTANCE PROGRAM DIRECTOR LEVENSON: I think we can.
21 And certainly I think we can explore some of these
22 procedural issues. Although I think you can see there's
23 problems with those. We could look at the idea within the
24 school district or schools category of some large-small
25 breakout. We can look at some of the statistics and see

1 where that comes out. I think the dilemma really is going
2 to be the other kinds of applicants. If we went to a
3 school districts this year and all other applicants the
4 next year, does that make sense?

5 CHAIRPERSON PETERSEN: I don't think anybody
6 liked that idea?

7 LOCAL JURISDICTION, STATE AGENCY & BUSINESS
8 ASSISTANCE PROGRAM DIRECTOR LEVENSON: And so if we
9 allocate more funding for large school districts versus
10 small school districts, then we'll have to look at how do
11 we treat the park districts, the RCDs, the ag districts
12 and other eligible applicants. So it could get a little
13 complicated how we --

14 CHAIRPERSON PETERSEN: Howard, you guys are
15 superstars. You'll figure this out.

16 (Laughter.)

17 CHAIRPERSON PETERSEN: Okay. Is there any other
18 comments or questions?

19 LOCAL JURISDICTION, STATE AGENCY & BUSINESS

20 ASSISTANCE PROGRAM DIRECTOR LEVENSON: Not by next week.

21 CHAIRPERSON PETERSEN: Oh. Well, not by next
22 week.

23 Well, chew on it a little bit, will you.

24 FINANCIAL ASSISTANCE DIVISION CHIEF WILLD-WAGNER:

25 If we don't come back with actual recommendations

1 next week, we believe that we could still probably stick
2 to the estimated timeline if we did a September award.
3 Through very close collaboration with Legal Office, we
4 hopefully would be able to stick to it.

5 CHAIRPERSON PETERSEN: I'd like to do that if you
6 could, please.

7 LOCAL JURISDICTION, STATE AGENCY & BUSINESS
8 ASSISTANCE PROGRAM DIRECTOR LEVENSON: We can see if
9 there's any possibility of coming back next week. But I
10 think that's pretty unlikely given the amount of
11 information that we have to gather and work back and
12 forth.

13 And Marissa did put out our prospective target
14 date for getting the notice of the funds available is
15 October. So that's what we're striving to achieve. So we
16 still have plenty of time to process applications.

17 CHAIRPERSON PETERSEN: Okay. We'd like to stay
18 on track with that too.

19 Okay. Marie.

20 SENIOR STAFF COUNSEL CARTER: Marie Carter.

21 I would like to get some direction from the Board
22 as to whether you want us to explore state agencies as
23 eligible applicants. It was presented in this agenda item
24 for the first time, and the definition can vary widely.

25 Do you want us to go forward with that or just

1 pursue what we've already --

2 CHAIRPERSON PETERSEN: Well, it was suggested.

3 And I think that that's a possibility we should we should
4 probably do that.

5 COMMITTEE MEMBER BROWN: Well, if it's state
6 funds -- saving state funds, I -- I mean if it would
7 encourage CalTrans to use more RAC, I don't know why we
8 wouldn't also encourage savings for the park district that
9 need -- desperately you need the State Parks and all these
10 other state agencies. I certainly think it's appropriate
11 to include them. We've tried in a pilot project -- and
12 one of my other questions was, you know, are there any
13 other state agencies other than fairs -- state fairs that
14 we've given some of this money to to explore?

15 COMMITTEE MEMBER CHESBRO: We have given some to
16 State Parks. But I'm a little mystified that they haven't
17 asked us for more, because frankly they are -- as you
18 said, they're -- I think in terms of their maintenance
19 program of their facilities, they're badly hurting, have
20 been for quite a few years.

21 CHAIRPERSON PETERSEN: So here's a marketing
22 opportunity of what we just need to do to build the
23 markets here. I think you should just add the agencies
24 and let's see what happens. It's okay with you guys?

25 Great.

1 Anything else?

2 Okay. I think we beat that to death.

3 LOCAL JURISDICTION, STATE AGENCY & BUSINESS

4 ASSISTANCE PROGRAM DIRECTOR LEVENSON: So assuming that
5 we're going to come back to you in September, I'll just
6 indicate to Tracey that this item would be continued --
7 make that determination next week, but likely we'd have to
8 continue this to September so we'd have sufficient time to
9 flesh these out.

10 COMMITTEE MEMBER BROWN: Then it will go back to
11 Committee, right? So we can hear it in Committee again
12 before it goes to the full Board?

13 CHAIRPERSON PETERSEN: That would be great.

14 Thank you, Howard, Marissa, Shirley. Thank you
15 very much.

16 Now, if we're all done with that one, how about
17 Item 15?

18 Come on up, Calvin.

19 GRANT PROGRAMS SUPERVISOR YOUNG: I'm afraid.

20 (Laughter.)

21 CHAIRPERSON PETERSEN: It's all right. Sit down.
22 You'll be okay.

23 LOCAL JURISDICTION, STATE AGENCY & BUSINESS

24 ASSISTANCE PROGRAM DIRECTOR LEVENSON: I think we all
25 appreciate that that discussion and the ability to go back

1 and forth with the Committee and raise some of these
2 questions, it's -- there's not an easy solution. Clearly
3 it's something we need to keep discussing.

4 CHAIRPERSON PETERSEN: But with all these brains
5 in the room, you'd think we could figure this all out,
6 right?

7 LOCAL JURISDICTION, STATE AGENCY & BUSINESS
8 ASSISTANCE PROGRAM DIRECTOR LEVENSON: So Item 15, moving
9 on, has a long title. I'm not going to read the entire
10 title. But this is Consideration of the Eligibility
11 Criteria Grant Award Categories and Evaluation Process for
12 a Joint Solicitation of our three RAC-oriented Grant
13 Programs. And this is the culmination of quite a bit of
14 discussion that we've had with the Committee and the Board
15 over the last year about the nature of our RAC programs,
16 where we're targeting incentives, and how we can
17 consolidate these to make them easier for applicants to
18 apply for the grants and make also easier -- make it
19 easier for staff to process and get these through.

20 So we have quite a few changes that we're
21 proposing. And Calvin in his new role as Supervisor in
22 the Grants Financial Assistance Division and in charge of
23 this grant program is going to make this presentation.
24 He's had a lot of assistance from technical staff - Nate
25 Gauff, Bob Fuji, and others. So it's been a team effort.

1 CHAIRPERSON PETERSEN: Great.

2 Welcome Calvin. Hi, guys.

3 (Laughter.)

4 GRANT PROGRAMS SUPERVISOR YOUNG: Good morning,
5 Chair Petersen and Committee members. For the record, my
6 name is Calvin Young, Grant Supervisor in the Financial
7 Assistance Division.

8 (Thereupon an overhead presentation was
9 Presented as follows.)

10 GRANT PROGRAMS SUPERVISOR YOUNG: This morning
11 I'm presenting for your consideration the Eligibility
12 Criteria Award categories and evaluation for a joint
13 solicitation of the Board's Rubberized Asphalt Grant
14 programs. Those programs are the targeted RAC Incentive
15 Grant Program, the RAC Use Grant Program, and the RAC Chip
16 Seal Grant Program.

17 And as a little side note, although the RAC Use
18 Program was identified in the five-year plan as the RAC
19 Reward Program, staff continues to reference the program
20 by the more descriptive term "use".

21 The current process of separate applications with
22 different grant application deadlines and awards is
23 confusing to applicants and has resulted in significant
24 administrative burden for both Board staff and grantees.

25 Additionally, the programmatic focus and criteria

1 do not adequately focus sufficient resources on new and
2 infrequent users of RAC.

3 --o0o--

4 GRANT PROGRAMS SUPERVISOR YOUNG: In exploring
5 how best to achieve the Board's market development goals
6 while delivering high quality customer service, we kept in
7 mind three primary objectives:

8 Providing improved market development
9 opportunities with the goal of developing a sustained
10 market while reducing ongoing subsidies;

11 Providing best in class customer service; and

12 Making the programs more user friendly and
13 reducing the administrative burden for both grantees and
14 the Board.

15 --o0o--

16 GRANT PROGRAMS SUPERVISOR YOUNG: To this end,
17 staff recommends making various changes to the program,
18 including establishment of a two-year program criteria,
19 expanding grant categories, and making revisions to the
20 evaluation process.

21 Also developing a user friendly grant application
22 that enables applicants to request funding for two grant
23 programs at the same time, consolidating awards into a
24 single agenda item, increasing the maximum grant amount,
25 eliminating the rural set-aside, and making changes to

1 eligible expenses,

2 --o0o--

3 GRANT PROGRAMS SUPERVISOR YOUNG: Grant

4 recommends establishment of the criteria -- of the

5 criteria grant award categories and evaluation for the

6 three grant programs for two fiscal years rather than one.

7 We feel that this will significantly reduce the

8 administrative burden without adversely affecting

9 stakeholders.

10 It also maintains the flexibility that should

11 conditions change or there is a new legislative mandate,

12 staff can return to the Board with appropriate changes.

13 The joint application for all RAC programs will

14 be a significant step also improving customer service.

15 Eligible applicants can apply for one or two different RAC

16 grants -- try saying that ten times really fast -- using a

17 single application. Also by changing the application

18 deadlines and awards to twice per year will clarify the

19 process and timing for applicants. By combining the

20 awards into a single agenda item twice a year, staff will

21 significant reduce the administrative burden. Presently

22 staff prepares up to 22 agenda items per year for these

23 programs; up to 19 RAC awards and 3 criteria items. So

24 you can see where reducing down to two will have a

25 significant change.

1 --o0o--

GRANT PROGRAMS SUPERVISOR YOUNG: These changes should enable staff to improve outreach efforts and increase the utilization of RAC grant awards. Staff is currently developing a RAC outreach strategy which will include additional efforts for underserved groups such as rural areas and California indian tribes. And we will be working with our Local Assistance and Market Development staff to provide appropriate encouragement to those jurisdictions that are new or infrequent users of RAC.

11 The program timelines include a notice of funds
12 availability in October, with applications due in November
13 and January, with consideration of grant awards in January
14 and April. Pardon me, I misspoke. In applications due in
15 November and February.

16 These dates were selected in consideration of
17 local budget building and road construction schedules for
18 local governments.

19 In evaluating the effectiveness of the program
20 and areas for improvement, staff identified that many new
21 users of RAC were not receiving sufficient financial and
22 consultive support after receiving a targeted RAC grant.
23 To remedy the situation, staff proposes a ladderred or
24 gradual approach to providing appropriate support for new
25 and infrequent users of RAC, while reducing the amount of

1 subsidies contributing towards a sustainable market.

2 Rather than transitioning from paying 100 percent
3 of the differential costs between RAC and conventional
4 asphalt to a flat \$5 per ton under the use program, staff
5 recommends payment of a 70 percent or a 40 percent
6 differential, depending upon the number of previous Waste
7 Board grants.

8 Additionally, the program previously relied on
9 the applicant to identify the number of previous RAC
10 projects in order to confirm which amount of subsidy would
11 be appropriate. And there were situations where both a
12 targeted and a use grant were awarded for the same large
13 project to a jurisdiction.

14 To correct this confusion, staff proposes that
15 the identification of the proper category be based on the
16 number of CIWMB grants; and for those situations in the
17 past where two grants were awarded for a single project,
18 that they be considered a single grant for the purposes of
19 determining the appropriate category.

20 --o0o--

21 GRANT PROGRAMS SUPERVISOR YOUNG: To further
22 improve market development efforts, staff recommends
23 standardizing all RAC grant awards at a \$250,000 maximum.

24 Additionally, in order to improve utilization of
25 grant awards, staff recommends the grantees be able to

1 receive a grant award every other year. For example, a
2 grantee receives an award in January or April of 2009,
3 which is in the 2008-9 fiscal year, would not be
4 eligible -- would not be able to apply for a grant in
5 fiscal year 2009-10 but would be eligible in fiscal year
6 2010-11. This enables us to work with the jurisdiction,
7 to improve their utilization of the grant, and stretch our
8 limited grant dollars.

9 Additionally, jurisdictions with existing grants
10 already outstanding would be grandfathered in. It would
11 not be subject to the same once-every-two-year criteria.

12 --o0o--

13 GRANT PROGRAMS SUPERVISOR YOUNG: Because of
14 confusion and lack of use, staff recommends elimination of
15 the previous rural set-aside. Staff believes that the
16 increased grant amounts and planned targeted outreach
17 efforts eliminate the need for a set-aside.

18 Also, based on programmatic experience, staff
19 recommends elimination of deflection testing and inclusion
20 of quality assurance, quality control testing as eligible
21 grant expenses.

22 Staff also recommends the continuation of
23 exemptions for the general review criteria, general
24 checklist for business permits, and the geographic
25 distribution of funds.

1 --o0o--

2 GRANT PROGRAMS SUPERVISOR YOUNG: While it has
3 not been an issue in the past, staff recommends that if
4 the grant programs are oversubscribed, that the
5 tiebreakers shown on the screen be utilized, which
6 basically state that if there's an oversubscription, that
7 the priority would be given first to that application that
8 uses the greatest amount of material; and then for the
9 targeted programs, which are Category 1 through 3, those
10 that are first in with an application would receive
11 priority, or in those that are the Reuse Program or the
12 Chip Seal, those with the fewest projects would be given
13 priority in the case of oversubscription.

14 And if all that fails, then we'll just split it
15 between the appropriate applicants.

16 --o0o--

17 GRANT PROGRAMS SUPERVISOR YOUNG: In conclusion,
18 staff recommends that the Board approve Option 1 and adopt
19 Resolution 2008-136.

20 This concludes staff's presentation.

21 Both Nate Gauff and I are available for any
22 questions.

23 CHAIRPERSON PETERSEN: Thank you, Calvin.

24 Questions?

25 COMMITTEE MEMBER BROWN: I have one.

1 I'm sure you've seen the letter we received this
2 morning from rural counties --

3 GRANT PROGRAMS SUPERVISOR YOUNG: Yes.

4 COMMITTEE MEMBER BROWN: -- with their suggestion
5 or request for a reordering of I think it was the list at
6 the end for how the criteria, and put C before A.

7 So that was directed at Nate, wasn't it?

8 Did Nate answer that question? I think it says
9 Nate has in here somewhere.

10 CHAIRPERSON PETERSEN: Nate, answer the question.

11 MR. GAUFF: I am Nate Gauff --

12 COMMITTEE MEMBER BROWN: Nate made several
13 presentations trying to encourage the rural counties to
14 use the program.

15 MR. GAUFF: This is true. I just saw that
16 letter. I just got a view of that letter.

17 In the sense of the criteria, I think we're
18 actually serving the rules better, one, in that in the new
19 criteria most of the rural agencies since they have not
20 had projects in the past would be in categories 1 through
21 3, and most likely Category 1 and Category 2, which are
22 the top priority categories within the criteria.

23 The criteria that Mr. Sweetser's referring to
24 actually is for tiebreakers -- or the 3A, B, and C,
25 they're for tiebreakers within a category.

1 COMMITTEE MEMBER BROWN: Right.

2 MR. GAUFF: And actually Category C is for chip
3 seal only, in that we -- even within that we will be
4 helping the rurals, because for the chip seals the
5 priority tiebreaker will be which agencies had the fewest
6 projects. Okay? We're not going to use that criteria
7 in the targeted categories. But, once again, because the
8 rural agencies have not had targeted grants, they would
9 receive the highest priority within the first three
10 categories.

11 COMMITTEE MEMBER BROWN: Okay. That --

12 MR. GAUFF: Or most likely receive the highest
13 priority just because they haven't had projects.

14 COMMITTEE MEMBER BROWN: We'll view his letter
15 then as a very optimistic look at the fact that there's
16 going to be a huge flood of rurals and that they would
17 have to go to a tiebreaker in the very near future?

18 You don't have to answer that. That's to
19 indicate --

20 (Laughter.)

21 MR. GAUFF: Well, I'll go back to a little bit of
22 discussion from the previous item, is that, you know,
23 every grant has been funded -- every eligible grant has
24 been funded over the last five years of rubberized asphalt
25 grant programs.

1 COMMITTEE MEMBER BROWN: Thank you.

2 CHAIRPERSON PETERSEN: I did skip -- we have one
3 speaker. Let me hold questions. Doug Carlson.

4 Good morning.

5 MR. CARLSON: Good morning. Thank you, Chair
6 Petersen and members of the Board. I'm glad to be here.
7 My name's Doug Carlson. I'm the Executive Director of the
8 Rubber Pavements Association. I'm coming today out of
9 Phoenix, Arizona. So I took a chance to get cooled off
10 here in Sacramento.

11 (Laughter.)

12 MR. CARLSON: But I've wanted to comment, just
13 provide support from the Rubber Pavements Association to
14 the Waste Board and their RAC grant programs and this
15 streamlining process. I want to recognize the Board and
16 their incredible leadership through these programs over
17 the years, which has provided excellent pier-to-pier help
18 for city engineers that are using the material for the
19 first time, has provided technical assistance to provide
20 the engineering background that the engineers need to
21 design projects properly. And so the Board has really put
22 their money where their mouth is through developing this
23 market, and it's not a lot of political puffery. Very
24 effective programs.

25 But the RAC programs have really provided a great

1 stimulus to the new user agencies. And it is the number
2 one factor that makes the grant program being available to
3 make the switch to RAC. And what is very important about
4 this is the city councils provide a resolution that's
5 ongoing. And so I know there's been some questions about
6 former resolutions supporting the RAC grants to be used in
7 future RAC grant applications. So that would be one point
8 to look at as to make sure -- I think an existing
9 resolution should be sufficient for future applications.
10 And perhaps it's not an issue. I'm not sure. I just hear
11 it on the street.

12 But, lastly, in regard to the RAC Grant Program,
13 you have a huge wealth of information now through -- since
14 the last four or five years. And many cities have taken
15 advantage of these programs. And you most of all, more
16 than anyone else, know exactly where these projects are.
17 And the projects themselves are the great testimony to the
18 market. And when engineers from other cities or
19 neighboring cities or counties have a chance to look
20 through these database of existing projects, that really
21 describes to them the extra performance they're getting
22 from the granulated tire rubber added to the asphalt
23 mixtures.

24 So I would just recommend developing a more
25 easily searchable database of previous grant awards and

1 the location of these projects so that questioning
2 engineers from California cities and counties can take a
3 look at those projects and learn from the engineers that
4 put them down.

5 So that concludes my comment and support for that
6 program. And if you have any questions about RAC, I'm
7 always happy to oblige.

8 CHAIRPERSON PETERSEN: I have one question.

9 MR. CARLSON: Yes, sir.

10 CHAIRPERSON PETERSEN: In your -- obviously this
11 is benefiting your association. That's what you guys are
12 promoting, correct, I mean this program?

13 MR. CARLSON: Yes, sir.

14 CHAIRPERSON PETERSEN: Do you get calls from
15 civil engineers, traffic engineers from different cities
16 about, you know, quantifying or asking about this product
17 and what we're doing? Does that happen?

18 MR. CARLSON: Yes, it does. It happens quite
19 regularly, calls from cities and counties of California.

20 CHAIRPERSON PETERSEN: And of course your chime
21 is "Use it. It's a good thing," right?

22 MR. CARLSON: Yes, sir.

23 CHAIRPERSON PETERSEN: Oh, good.

24 (Laughter.)

25 CHAIRPERSON PETERSEN: So my next thing is do

1 you -- does your association provide promotional or
2 educational marketing materials out to jurisdictions about
3 what they should be doing and things that are coming --
4 state of the art materials and processes?

5 MR. CARLSON: Yes, sir. What we provide is
6 technology transfer through a compendium or a compilation
7 of specifications that are standard specifications and
8 used by other cities and counties, or even states in some
9 cases.

10 CHAIRPERSON PETERSEN: Okay. Now, my next
11 question, Howard or -- do we have a -- Calvin, do we have
12 a team with these kinds of associations like Terry's? And
13 what we ought to do, team with them on promotion of what
14 we're doing to help build a marketplace?

15 LOCAL JURISDICTION, STATE AGENCY & BUSINESS
16 ASSISTANCE PROGRAM DIRECTOR LEVENSON: I'll let Nate
17 answer whether we've done anything in the past.

18 We have done a lot of outreach on RAC, as you
19 know, through our Green Roads campaign. We learned a lot
20 from that. And, in fact, next month you're going to have
21 a proposal from Office of Public Affairs in conjunction
22 with Sustainability Program about how to take those
23 lessons and focus more of the outreach on both of the
24 jurisdiction public elected official level as well as at
25 the public works departments and engineers and so on.

1 I think we also -- in response to Mr. Carlson's
2 suggestion about getting case studies up, I just checked
3 with Nate. You know, we do have a contract with MacTech.
4 A lot of that information is being compiled in terms of
5 where projects have been. And, you know, we hope to have
6 that up on our website.

7 So I think there's opportunities that we'll take
8 advantage of wherever it's appropriate to piggyback on
9 these kinds of outreach efforts.

10 CHAIRPERSON PETERSEN: So maybe we could team up
11 with you guys to help do some promotions on this.

12 MR. CARLSON: Indeed. Yes, sir.

13 CHAIRPERSON PETERSEN: Great. And thank you for
14 coming and your comments.

15 MR. CARLSON: All right.

16 CHAIRPERSON PETERSEN: Okay.

17 BOARD MEMBER MULÉ: Mr. Chair, I do want to share
18 an example of where we did team up with the City of Chino
19 with their project recently. And they actually
20 invited -- they had some 70 Public Works staff at their
21 demonstration project for their RAC program.

22 So it is occurring out there. We may not always
23 know about it, but it is happening out there. And I
24 encouraged the city to contact Nate. And I'm sure they've
25 been in touch with you on that.

1 CHAIRPERSON PETERSEN: Great.

2 Anything else?

3 COMMITTEE MEMBER CHESBRO: The only other comment
4 I would make in regard to the RCRC letter -- Joint Powers
5 Authority letter, and, that is -- and I know we've already
6 been doing this, Nate, so this is not criticism -- but
7 continuing to try to get them to help us figure out how to
8 configure a program that would be successful. I mean what
9 surprises me -- and I guess if they're listening, you
10 know, I'm just putting this out there. I'm not proposing
11 that we do anything about it. I'm surprised they don't
12 approach us. Because, you know, one of the things they do
13 is service their members. And, say, you know, maybe we
14 could serve as the coordinating organization to try to
15 pull some of these counties together to make projects
16 feasible. Because that's what we need really is for some
17 counties to have a vehicle by which they can join together
18 and make projects work.

19 I think the slurry seal was one of the
20 innovations that we -- is that the right term?

21 MR. GAUFF: Chip seal.

22 COMMITTEE MEMBER CHESBRO: Chip seal. Thank you.
23 Chip seal is an example of something that we came up with
24 that I think is having some success.

25 But really there's only so much we can do.

1 What's the old saying? You can lead a horse a water, you
2 know. But there's only so much we can do. We need them
3 to help us figure out what the obstacles are and what can
4 be done to try to pull together. Because I'd really like
5 to see these resources used in some of these rural
6 counties. I mean I think they -- Lord knows they need the
7 help. And I know that's not why we're doing it.

8 (Laughter.)

9 COMMITTEE MEMBER CHESBRO: But, you know, it's a
10 real need. And somehow or other there's a gap we haven't
11 figured out how to -- it's not due to lack of trying. So,
12 again, I'm not putting this out there as criticism. I
13 know you've been working, Nate, to figure out how to
14 connect the dots.

15 CHAIRPERSON PETERSEN: I've been to some of the
16 meetings with him. And he's amazing when we talks to all
17 these jurisdictions. He convinced me to use it in my
18 backyard. I mean --

19 (Laughter.)

20 CHAIRPERSON PETERSEN: Anyway --

21 COMMITTEE MEMBER CHESBRO: Sure you didn't
22 violate the zoning code or --

23 CHAIRPERSON PETERSEN: I did everything bad. I
24 did it all.

25 (Laughter.)

1 CHAIRPERSON PETERSEN: Okay. Any other
2 questions?

3 Oh, we've got one more speaker. I'm sorry.
4 Mary -- is it Pitto?

5 MS. PITTO: Pitto. I'm Mary Pitto with the Rural
6 Counties Environmental Services Joint Powers Authority and
7 the Regional Council of Rural Counties.

8 CHAIRPERSON PETERSEN: Welcome.

9 MS. PITTO: Thank you.

10 And I just want to go on record that we are not
11 opposing the elimination of the set-aside, because we
12 recognize that it has not been used by rural counties.
13 Not that we haven't encouraged and promoted it. They've
14 just had special obstacles to overcome.

15 And I do want to let you know that we are
16 committed to work with the Waste Board staff to try to get
17 some projects in our rural counties. And I offer that
18 commitment.

19 CHAIRPERSON PETERSEN: Great.

20 COMMITTEE MEMBER CHESBRO: Well, I hope you'll
21 take my, you know, sort of pregnant hint about the role
22 that you could play. I think to -- because I mean I've
23 tried some of the counties up where I come from to get
24 them to -- and we even have a CalTrans district that's
25 doing a bunch of projects and has offered to allow the

1 locals to piggyback. And I know there's some difficulty.
2 But I know the Authority has a track record of helping to
3 overcome some of the things that have made it hard for
4 rural counties to step up on some of these things. So I
5 hope there's a way that you could figure out to have a
6 relationship with the Board that might help facilitate
7 that.

8 MS. PITTO: And we will commit to that.

9 CHAIRPERSON PETERSEN: A grand thing.

10 Cheryl.

11 BOARD MEMBER PEACE: Well, I just, yeah, had a
12 comment and some questions.

13 I guess I still kind of have a concern about that
14 two-year criteria. I know staff does say that if there's
15 any new direction, yeah, that you can come back. But I
16 guess I'm just concerned because I think -- look at how
17 many changes we've made this time from last time. And we
18 are going to be developing a new five-year tire plan,
19 which could have changes in it. And also there's such
20 uncertainty in the economy right now, that we might want
21 to change these different categories.

22 So that was -- I just wanted to voice my concern
23 over that.

24 And too I wanted to ask some questions in
25 relation to the proposed grant categories.

1 First I wanted to ask, when you look at the chip
2 seal and it's a dollar per square yard, I mean if I do my
3 calculations right, that's kind of like \$12 a tire. So
4 I'm just wondering, is that the cost differential? That
5 \$1 per square yard, is that the cost differential?
6 Because we're using a cost differential on RAC. Is that
7 the cost differential on chip seal?

8 MR. GAUFF: No, that is not the full differential
9 of using a rubberized chip seal versus a conventional chip
10 seal. What we did at a dollar per square yard is we made
11 it consistent with an average differential that we took
12 looking at the hot mix program. We took an average
13 differential and a dollar per tire cost. And that dollar
14 per square yard for chip seal at the higher level is
15 commensurate with the average differential for hot mix on
16 a dollar per tire basis. So we made those two consistent.
17 And 20 cents per square yard is consistent with \$5 per ton
18 as far as a dollar per tire cost.

19 BOARD MEMBER PEACE: And the dollar per square
20 yard is more consistent with the cost differential for
21 RAC?

22 MR. GAUFF: Not the full differential. Once
23 again, just an average differential we thought was
24 reasonable within looking at the range of differentials on
25 some of the projects we've received data back on.

1 BOARD MEMBER PEACE: All right. And, again, can
2 you explain again to me like, what are the benefits of
3 chip seal? Does it last longer? I mean are there any
4 benefits, like does it last longer than regular chip seal?
5 Is it less noisy than regular chip seal? Does it have all
6 those benefits in it still?

7 MR. GAUFF: I would defer that to Jeff Smith,
8 who's here from International Surfacing Systems.

9 BOARD MEMBER PEACE: How it compares to the
10 regular chip seal.

11 CHAIRPERSON PETERSEN: Where's Jeff?

12 MR. GAUFF: Jeff's right here in the audience.
13 He can answer if you want to know about rubber chip seals.

14 MR. SMITH: Good morning, Mr. Chairman and Board
15 members. My name is Jeff Smith. I'm with International
16 Surfacing Systems. We're a supporting contractor of what
17 you're doing, probably -- and take what you're doing very
18 seriously. We are located in Modesto, California, is
19 where our offices are.

20 Board Member Peace --

21 COMMITTEE MEMBER CHESBRO: By the way, when I
22 mentioned Modesto earlier, I was just using it as an
23 example.

24 (Laughter.)

25 MR. SMITH: But Board Member Peace, to answer

1 your question, the asphalt rubber chip seal applications
2 have been around now for about 40 years. So it was really
3 the first development of asphalt rubber prior to the use
4 of asphalt rubber in a hot mix application. So we do have
5 a lot of performance history on it.

6 And the way we look at the use of asphalt rubber
7 chip and cape seal applications is really based on the
8 existing condition of the roadway or the street or the
9 pavement that the jurisdiction may be considering for
10 rehabilitation or maintenance or what we might call
11 pavement preservation.

12 So if we choose the correct streets and we do the
13 proper pre-maintenance, these types of applications can --
14 have been proven to last ten to fifteen years.

15 BOARD MEMBER PEACE: Well, I just want it in
16 comparison to regular chip seal. Does rubberized chip
17 seal last longer than regular chip seal?

18 MR. SMITH: Yes, ma'am, um-hmm.

19 BOARD MEMBER PEACE: Okay. So it does. So there
20 are benefits.

21 Is it quieter than regular chip seal?

22 MR. SMITH: Well, I don't know if you can
23 necessarily say that chip seal in general is quiet
24 compared to a hot mix application. But chip seals are
25 used differently than hot mix applications.

1 BOARD MEMBER PEACE: No, I'm just talking about
2 regular chip seal versus rubber chip seal. I'm not
3 talking about RAC.

4 MR. SMITH: Regular chip seal versus rubber chip
5 seal, there's really no difference in noise level, unless
6 you're using a different size of aggregate and --

7 BOARD MEMBER PEACE: It's not smoother, it's not
8 quieter. So the only benefit is it does tend to last
9 longer?

10 MR. SMITH: It lasts longer. A conventional chip
11 seal would normally last, again depending on the criteria
12 that I mentioned earlier, probably five to seven years.
13 The asphalt rubber chip seals will last essentially twice
14 as long.

15 BOARD MEMBER PEACE: Oh, okay. Well, that's good
16 to know, because I was wondering, if there aren't any
17 benefits, then who would continue to use it without our
18 money?

19 And then does your company also lay rubberized
20 asphalt concrete or just chip seal?

21 MR. SMITH: We supply asphalt rubber binder to
22 contractors that do RAC projects, to the hot plants that
23 produce the RAC material, yes. It's about 30 to 40
24 percent of our business. The rest of it is the chip and
25 cape seal applications.

1 And I personally have to applaud you for allowing
2 the grants for the chip in cape seal applications. This
3 market -- this part of the asphalt rubber market was
4 growing fairly substantial. And now that these grants are
5 available, we're seeing much stronger growth and much
6 stronger consideration. And the reason that we're seeing
7 it is because the engineers now are getting support from
8 their city councils and their county board of supervisors
9 because there's not as much of a risk to them if there's
10 money available to help out with these first projects that
11 they can do.

12 What we're seeing is when these agencies start
13 utilizing these materials, they are going to continue to
14 use them. And I think that's why we drop down to the 20
15 cents per square yard, because then it really doesn't
16 matter at that point. They're going to continue to use it
17 because it's very cost effective.

18 CHAIRPERSON PETERSEN: That's grand. So the
19 marketing ploy that we put out there works.

20 MR. SMITH: It definitely does. And as a
21 company, we actually promote to the municipalities or the
22 jurisdictions your grants.

23 CHAIRPERSON PETERSEN: Grand.

24 BOARD MEMBER PEACE: Can you tell me, in chip
25 seal you're still using regular rock aggregate, the rubber

1 is just in the binder?

2 MR. SMITH: Yes, ma'am. The asphalt rubber
3 binder that's used in a chip seal application is
4 essentially the same type of binder that you would use in
5 a hot mix application. The difference is of course that
6 the chip seal binder is sprayed on the surface of a
7 roadway and the aggregate is applied on top of that binder
8 rather than being mixed with the binder in a hot plant.

9 BOARD MEMBER PEACE: And maybe you can answer
10 this question for me also. If we're in these grant
11 programs are just -- say we're just paying the cost
12 differential in a chip seal or in a RAC grant. For our
13 \$250,000, are more tires being used in chip seal or are
14 more tires being used in RAC? For our money what are we
15 getting the biggest bang for the buck?

16 MR. SMITH: Well, I think you're using more tires
17 in RAC because you're placing it at a thicker application
18 than the chip seal.

19 BOARD MEMBER PEACE: So for \$250,000 we're
20 getting rid of more tires in a RAC grant than we are in a
21 chip seal grant?

22 MR. SMITH: Yes, I believe that would be true.
23 You know, again the difference is that many of these
24 smaller jurisdictions don't have the initial budget to do
25 hot mix jobs, whether it's RAC or conventional. These

1 cape seal applications are much less expensive than the
2 hot mix application.

3 CHAIRPERSON PETERSEN: So the market potential's
4 huge?

5 MR. SMITH: It's huge, because we deal with a lot
6 of the smaller communities, rural communities that are
7 eight, nine, ten thousand people. And most of them their
8 streets are falling apart.

9 CHAIRPERSON PETERSEN: So you're talking volume
10 versus -- volume one way and volume the other way. I got
11 it.

12 MR. SMITH: Yes.

13 BOARD MEMBER PEACE: So I guess what I'm
14 wondering -- I'm sorry.

15 COMMITTEE MEMBER BROWN: Well, I was following up
16 on the same before you ask a new question.

17 It depends on the condition of the roadway. And
18 some roadways aren't ready for a full new RAC application,
19 and that's why they would choose chip seal?

20 MR. SMITH: I think for the smaller
21 municipalities it boils down to the funding they have
22 available just to do regular --

23 COMMITTEE MEMBER BROWN: -- any road maintenance.

24 MR. SMITH: -- street and highway maintenance at
25 all.

1 COMMITTEE MEMBER BROWN: So they use it for road
2 maintenance?

3 MR. SMITH: Or street maintenance, correct.
4 Yeah, it's more of a pavement preservation application as
5 compared to a construction application that you would use
6 the RAC for.

7 COMMITTEE MEMBER BROWN: Okay. Thank you.

8 BOARD MEMBER PEACE: I guess it goes back to a
9 question then, if you're saying once they use it and they
10 really want to use it again, why in the chip seal are we
11 letting them have up to two grants at the higher amount?
12 Why not just like one?

13 MR. GAUFF: Well, I'll answer that one.

14 BOARD MEMBER PEACE: And where -- because on the
15 RAC ones you only get --

16 MR. GAUFF: Actually under the new criteria we're
17 in a sense giving indifferential costs for three grants
18 potentially, once again to try to not only introduce
19 these -- the material but to reinforce the benefits of
20 using a rubberized asphalt concrete versus a conventional
21 asphalt concrete.

22 And we're basically repeating that same process
23 within the chip seal program. We're giving them an
24 introduction and a reinforcement of the material. But,
25 once again, at some point we are -- you know, obviously

1 after two projects we're going to drop you down to the
2 minimal amount, just like we're dropping down -- hot mix
3 users down after three projects down to a more minimal
4 amount of support. So that's, in essence, for them to
5 carry on from that point on.

6 BOARD MEMBER PEACE: Well, it would be
7 interesting to see, because I'm just wondering with these
8 economic times when nobody has money to do anything, how
9 many jurisdictions will actually take advantage of the \$5
10 a ton or the 40 percent. You know, are they going to have
11 the money to even do that.

12 MR. GAUFF: Well, I think what you're going to --

13 BOARD MEMBER PEACE: Because this was under --
14 wasn't it kind of undersubscribed? Did we get all the
15 money out the door the way it was last year?

16 MR. GAUFF: For this year for the RAC used, I
17 think we had about half a million dollars available out of
18 three --

19 BOARD MEMBER PEACE: We didn't even use all the
20 money in that one.

21 MR. GAUFF: Actually we didn't use all the money
22 last year, in '06-'07, either. However, we did put out
23 more money within RAC use this year than last year. So I
24 don't know if that's just the nature of, you know,
25 budgets, if that's the nature of, you know, other

1 occurring situations. I know in one year, you know, when
2 they had significant rain down in southern California,
3 there was basically no paving done because they were doing
4 storm repair, you know.

5 So there's a lot of other factors that go into
6 that.

7 You had a question earlier about chip seal
8 versus, you know, the hot mix. Basically you're using
9 about four times as much rubber in hot mix. But once
10 again, when you look at the costs, you know, you might be
11 using significantly -- at a \$250,000 grant even, you might
12 be using significantly less material through the hot mix
13 just because the cost is that much higher.

14 So -- I mean I don't have an example right off
15 the top of my head. But I could probably provide you with
16 some examples to show where you probably might -- you
17 could be using close to the same amount of rubber at
18 \$250,000 through a chip seal as compared to a hot mix
19 overlay project compared, you know, based on the cost of
20 the material.

21 BOARD MEMBER PEACE: Well, that's just what I was
22 asking. For \$250,000, if you're laying \$250,000 worth of
23 RAC, if you're laying \$250,000 worth of chip seal, which
24 one is going to get rid of more tires?

25 MR. GAUFF: It depends. It depends on the cost,

1 I mean the cost of the material and the size of the
2 project and some of those things.

3 So I mean I would say on a normal case, you're
4 probably going to get more rubber usage through an
5 overlay, through a hot mix project. But I can't say
6 that's the case in every situation.

7 And then I think the other part of the -- with
8 offering the two different types of grants, chip seal and
9 hot mix grants, once again we're trying to give agencies,
10 you know, the most tools for their toolbox, depending on
11 their situation, their budgets, their local needs, as far
12 as, you know, what type of condition their pavements are
13 in. So that's why we've offered the chip seal -- or
14 that's why we even brought the chip seal grant to the
15 Board to consider, was not just on the rubber usage but
16 actually offering agencies that couldn't participate in
17 the hot mix program, to offer them another material that
18 would still help us in that it utilized rubber and also
19 help the agencies in that, you know, they would be able to
20 use that material in their jurisdiction.

21 BOARD MEMBER PEACE: As long as they continue to
22 use it. Because, like I said, in this a dollar a square
23 yard, that's \$12 a tire that's not really sustainable. I
24 mean it's not really good for us to think we're -- all of
25 our other programs we've limited it to \$5 a tire and here

1 we're giving it's like \$12 a tire. I just kind of
2 question that.

3 But as one last thought here, when I got up on
4 the Internet to look up chip seals, because I was just
5 curious, and Wikipedia it says, "Chip seals are
6 constructed by evenly distributing near the base of hot
7 bitumen and asphalt into an existing pavement and then
8 embedding the finely graded aggregate into it."

9 And then it says, "While the small stones used as
10 surface yield a relatively even surface without the edges
11 of patches, it also results in a very rough surface that
12 leads to significantly louder rolling noises of automobile
13 wheels. The rough wearing surface of chip seal generates
14 more roadway noise at any operating speed than typical
15 asphalt or concrete surfaces, and these sounds intensify
16 with increase in the higher vehicle speeds."

17 And I think this is what we just need to think
18 about here just a little bit. "The rough surface causes
19 noticeable increases in vibration and rolling resistance
20 for bicycles and increased tire wear in all types of
21 tires." And as yesterday we're talking about things we
22 can do to increase tire sustainability. And this might be
23 something that we might want to think about in the future
24 if we're giving money to things that are going to actually
25 cause your tires to wear out faster.

1 COMMITTEE MEMBER CHESBRO: Mr. Chair?

2 MR. SMITH: May I comment on that, Mr. Chairman,
3 please?

4 I can't argue the fact that when you have a very
5 poor surface texture, it tends to be noisier. There's no
6 question about that. I don't disagree with that at all.
7 It all depends on the aggregate size that the chip seal is
8 using.

9 Of course with asphalt rubber we apply the binder
10 at a much heavier rate than a normal chip seal because of
11 the condition of the roadways that we're dealing with. So
12 that would indicate that we would have to use a larger
13 size aggregate to deal with that binder application rate.
14 That's kind of a general design criteria that we look at
15 when we do any type of chip seal.

16 However, in most residential areas and even on
17 major arterial streets now we are looking at the cape seal
18 application, which is a slurry seal or a micro-surface
19 over the top of the chip seal. And that's a very smooth
20 small aggregate particle. So the noise issue goes away
21 and the coarseness issue goes away when we look at that
22 type of application, which is really becoming quite
23 popular with all of the municipalities that we deal with.

24 The other issue I wanted to point out --

25 BOARD MEMBER PEACE: That's an added cost.

1 MR. SMITH: I'm sorry?

2 BOARD MEMBER PEACE: That would be an added cost
3 to the cape seal.

4 MR. SMITH: It is an added cost, yeah. But it's
5 still only about two-thirds of the cost of the hot mix
6 overlay.

7 One other thing I wanted to point out, because
8 this is very important for you to understand, when we deal
9 with very badly deteriorated streets - and that's how we
10 look at utilizing these chip seals and cape seals - on
11 many occasions the only alternatives that these agencies
12 have to repair these types of streets are complete
13 reconstruction or major overlays, which are very
14 expensive. And these are generally done with conventional
15 types of products that do not have rubber in them. This
16 cape seal offers them a tool, like Nate mentioned, to use
17 a material that has rubber in it and not have to go
18 through the expense of reconstruction or major overlays
19 with conventional types of materials.

20 CHAIRPERSON PETERSEN: That's great. I think
21 it's fabulous.

22 BOARD MEMBER PEACE: Thank you.

23 CHAIRPERSON PETERSEN: Thank you very much.

24 Wes.

25 COMMITTEE MEMBER CHESBRO: Yeah, I'd just like to

1 say that I think the chip seal has really allowed us to
2 diversify the number of -- types of products in the
3 marketplace and also provide an option for communities
4 where they're not going to be doing the major
5 reconstruction projects, which is a lot of communities in
6 this state.

7 And I think on the noise argument, you know, it's
8 a real good argument for CalTrans not using it on the
9 freeway. But, you know, I'd like to -- you know, maybe we
10 could have a meeting in Susanville or Blue Lake or, you
11 know, any number of small communities where I mean frankly
12 the alternative to chip seal is going -- tearing up the
13 pavement and going back to dirt streets that they haven't
14 seen for 75 years. I mean that's how bad things are. And
15 so I think it's a viable alternative for those kinds of
16 communities that -- I assume that the scale of the
17 applications is going to be -- although you just talked
18 about a lot of communities. But generally speaking it
19 seems to me they're smaller communities, and so the
20 projects are going to be smaller. And I don't know in
21 terms of our total number of miles served or tires used
22 what the proportions are. But I have to assume that chip
23 seal is a very specific application for a very specific
24 situation that wouldn't be applicable somewhere else, and
25 I think it's good to have both.

1 CHAIRPERSON PETERSEN: Great.

2 COMMITTEE MEMBER CHESBRO: All of the above.

3 CHAIRPERSON PETERSEN: Okay. I've been chip

4 sealed.

5 Could we just maybe have a motion here?

6 COMMITTEE MEMBER BROWN: I move Resolution

7 2008-136.

8 CHAIRPERSON PETERSEN: Can I have a second?

9 COMMITTEE MEMBER CHESBRO: Second.

10 CHAIRPERSON PETERSEN: Okay. I guess call the

11 roll, please.

12 COMMITTEE SECRETARY CARVAJAL: Brown?

13 COMMITTEE MEMBER BROWN: Aye.

14 COMMITTEE SECRETARY CARVAJAL: Chesbro?

15 COMMITTEE MEMBER CHESBRO: Aye.

16 COMMITTEE SECRETARY CARVAJAL: Petersen?

17 CHAIRPERSON PETERSEN: Aye.

18 LOCAL JURISDICTION, STATE AGENCY & BUSINESS

19 ASSISTANCE PROGRAM DIRECTOR LEVENSON: Mr. Chairman?

20 CHAIRPERSON PETERSEN: Yes, Howard.

21 LOCAL JURISDICTION, STATE AGENCY & BUSINESS

22 ASSISTANCE PROGRAM DIRECTOR LEVENSON: Can we place it on

23 the consent agenda?

24 CHAIRPERSON PETERSEN: Yes, let's do that.

25 That's it. Thank you everybody.

1 We be done.

2 (Thereupon the California Integrated Waste
3 Management Board, Market Development and
4 Sustainability Committee meeting adjourned
5 at 11:44 a.m.)

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